AUG 12 1982
COMPLETED
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Calendar No. 733

97TH CONGRESS, 2d Session } SENATE { REPORT No. 97-515

ESTABLSHING AN EFFICIENCY ADVISORY ROUNDTABLE TO ASSIST THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS IN ITS ACTIVITIES CONCERNING THE NEW FEDERALISM

AUGUST 3 (legislative day, JULY 12), 1982.—Ordered to be printed

Mr. DURENBERGER, from the Committee on Governmental Affairs, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 2329]

The Committee on Governmental Affairs, to which was referred the bill (S. 2329) to establish an Efficiency Advisory Roundtable to assist the Advisory Commission on Intergovernmental Relations in its activities concerning the New Federalism, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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I. Summary and Purpose

The purpose of S. 2329 is to create an advisory roundtable of program specialists to assist the Advisory Commission on Intergovernmental Relations in its study of the President's New Federalism Initiative.

Members of the Roundtable are to be drawn from those expert in administering the intergovernmental grant-in-aid programs that would be affected by the President's proposal. In addition to the expertise of the members, the Roundtable will also hold ten public hearings across the United States to gather a broad cross-section of views on the initiative.

Upon the completion of its work, limited to two years by the act, the Roundtable will report to the President, the Congress and the Advisory Commission on Intergovernmental Relations as to its activities and any findings and recommendations that it has made in regard to the New Federalism proposals.

II. Background

President's Federalism Initiative

In his State of the Union Message on January 26, 1982, President Reagan proposed a major new initiative of reform for the federal partnership.

> Our next major undertaking must be a program . . . to make government again accountable to the people, to make our system of federalism work again.
>
> Our citizens feel they have lost control of even the most basic decisions made about the essential services of government, such as schools, welfare, roads and even garbage collection. They are right.
>
> A maze of interlocking jurisdictions and levels of government confronts average citizens in trying to solve even the simplest of problems. They do not know where to turn for answers, who to hold accountable, who to praise, who to blame, who to vote for or against.
>
> The main reason for this is the overpowering growth of federal grants-in-aid programs during the past few decades . . .
>
> Let us solve this problem with a single, bold stroke—the return of some $47 billion in federal programs to state and local government, together with the means to finance them and a transition period of nearly 10 years to avoid unnecessary disruption.

One part of the President's initiative is a "swap" of income security programs involving Medicaid, Aid to Families with Dependent Children and Food Stamps.

AFDC is the oldest of these three programs. It is part of the Social Security Act passed in 1935. It is a basic cash payment to families with absent or disabled parents. Eligibility and benefit levels are determined by the States. The Federal government currently shares

financial responsibility for this program by matching payments made by the States. President Reagan proposes to return full responsibility, both administrative and financial, to state government as a part of the federalism initiative.

Medicaid has a structure very similar to that of AFDC. It provides medical assistance—health care coverage—principally to families with low incomes. The Federal government shares the financial responsibility by matching the expenditures of the States. The President's proposal would federalize Medicaid. Although the precise meaning of "federalize" is not yet clear, at a minimum it means the Federal government will assume more than its current share of the cost.

Although Food Stamps was originally included in the income security "swap," the Administration has announced that it will be dropped from the proposal as a result of concerns expressed by State and local officials.

The second major element of the President's initiative is a list of programs to be turned back to the States. Today, the Federal Government provides assistance to state and local government through approximately 400 grant-in-aid programs. Medicaid and AFDC are among those grants. But there are also grants for highways, education, child nutrition, child welfare, sewage treatment, community development, fire protection, library construction, and almost every other function of government that can be named.

The Federal government spends about $85 billion per year on these grant programs. In many cases, state and local governments match these expenditures with their own funds.

State and local officials have called for a "sorting out" of this complicated intergovernmental grant system. Although the $85 billion in assistance is almost one-quarter of all state and local government spending, these grant programs also impose many costs. A recent study indicated that the reporting requirements included in grant programs alone cost state and local governments some $5 billion in 1977.

The President's turnback proposal would eliminate 43 major grant programs in five areas: education and job training; social services; transportation; community development; and revenue sharing.

The third and final part of the President's federalism initiative is a return of revenue resources to pay for the programs that would be assumed by state and local governments. For the first four years state and local governments would receive general assistance grants from a federalism trust fund equal in dollar amount to the grant-in-aid funds previously received. Beginning in the fifth year the trust fund would be phased out gradually. At the same time, the Federal government would repeal the excise taxes on tobacco, alcohol, telephone service and part of the gasoline tax to create new tax room for the States. Although the Administration had initially proposed that the Windfall Profits Tax be used to finance the trust fund, that concept has been dropped. General revenues will be used in the first four years to make up the difference between the revenues received from the four excise taxes and the grant-in-aid dollars due to be paid to the state and local governments.

ROLE OF THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Presenting his federalism initiative to the Congress, President Reagan quoted from a recent study by the Advisory Commission on Intergovernmental Relations. ACIR described the current state of the federal partnership in the following words as noted by the President:

> The federal government is more pervasive, more intrusive, more unmanageable, more ineffective, more costly and above all more unaccountable.

The Advisory Commission on Intergovernmental Relations was created by the Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. ACIR is a permanent national bipartisan body representing the executive and legislative branches of Federal, state and local government and the public.

The Commission is composed of 26 members—9 representing the federal government, 14 representing state and local government and 3 representing the public. All members of the Commission who are government officials serve general purpose governments. Each Commission member serves a two year term and may be reappointed.

As a continuing body, the Commission approaches its work by addressing itself to specific issues and problems, the resolution of which would produce improved cooperation among the levels of government and more effective functioning of the federal system.

Studies undertaken by the Commission have dealt with subjects as diverse as transportation and specific state taxation of out-of-state depositories; as wide ranging as substate regionalism to the more specialized issue of local revenue diversification. In selecting items for its work program, the Commission considers the relative importance and urgency of the problem, it manageability from the point of view of finances and staff available to ACIR and the extent to which the Commission can make a contribution toward the solution of the problem.

After selecting specific intergovernmental issues for investigation, ACIR follows a multistep procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts, and interested groups. The Commission then debates each issue and formulates its policy position. Commission findings and recommendations are published and draft bills and executive orders developed to assist in implementing ACIR recommended policies.

Just such a process was used in the recent study of the role of the Federal government in the federal system. The result was a fourteen volume study with many recommendations and findings including the statement used by the President in the State of the Union Message. ACIR has been on record since 1969 favoring a "sorting out" of responsibilities and resources in the federal system.

NEED FOR THE ROUNDTABLE

The bill reported by the Committee authorizes expenditures for an "efficiency advisory roundtable" to work with ACIR on the Administration's federalism initiative. ACIR would nominate members for the Roundtable which would be appointed by the President. The Round-

table would conduct hearings and make a report to ACIR, the Congress and the President. During the two-year life of the Roundtable, the Chairman and Vice Chairman would be included as ex officio members of the Commission.

The Committee believes that the Roundtable will serve two important purposes:

1. To create a dialogue between the members of ACIR who are representative of general purpose governments and the members of the Roundtable who will be expert in the technical details of the specific programs affected by the federalism initiative;
2. To gather and report public opinion on the federalism initiative through regional hearings in all parts of the nation.

Without the resources authorized by the bill, ACIR would not be in a position to conduct this program without diverting dollars and staff from other important research projects to which it has already made commitments.

ACIR has employed both the roundtable and hearing techniques in previous research projects. On September 9, 1977 President Carter signed a memorandum on the need for major reform in the federal grant-in-aid system. He called for a partnership with ACIR to pursue his recommendations.

At its December 1977 meeting the Commission voted to convene a panel of state and local "practitioners" in grant programs to gain their special perspective on the reform proposal. This decision led to the creation of a 17 member monitoring panel that met throughout the following year and submitted its views to the Commission and the President in two separate reports. Members of this group included: an administrator of a mass transit agency; a state budget director; the executive director of an areawide aging agency; the federal aid coordinator for a major city; a community development administrator; the executive director of a regional council of governments; a city manager; and the director of a statewide counties association. The Committee expects that persons with similar backgrounds and expertise in program administration will be appointed to the Roundtable created by this bill.

In 1980 the Office of Management and Budget asked the Commission to sponsor a series of hearings to gather opinion from a wide variety of organizations on certain improvement in federal assistance policies and management practices under consideration by OMB. With financial support provided by several federal agencies, the Commission held three regional hearings in late 1980 and early 1981. A report on these hearings was filed with OMB on July 20, 1981.

III. Legislative History

Senator Mattingly introduced S. 2329 on April 1, 1982 and it was referred to the Committee on Governmental Affairs. It was subsequently referred to the Subcommittee on Intergovernmental Relations for consideration. The Subcommittee reported the bill to the Committee on Governmental Affairs on May 27, 1982.

On May 28, 1982 the Committee on Governmental Affairs ordered the bill reported, without amendment, by a vote of 11 yeas and 1 nay.

IV. Section-by-Section Analysis

Section 1(a) authorizes the establishment of a "Roundtable" to assist the Advisory Commission on Intergovernmental Relations in its consideration of the "New Federalism"' initiatives put forward by this administration. "New Federalism" is intended to include both the specific swap-turnback program announced by the President in his State of the Union Message on January 26, 1982 and other related initiatives including block grants and proposed regulatory relief for State and local governments. The official name for this advisory group is to be the "Efficiency in Government Advisory Roundtable."

Section 1(b) authorizes the President to appoint members to the Roundtable. There are to be not more than twenty members. The President shall select his appointees from a list of forty to be nominated by the Advisory Commission on Intergovernmental Relations. It is expected that emphasis will be given to appointing individuals with experience in administering those programs affected by the New Federalism initiative, particularly individuals now serving as elected or appointed officials of State and local governments. It is also expected that those appointed will be broadly representative of different geographical areas of the United States and different levels of government. Not more than one-half of the appointees shall be from the same political party.

Section 1(c) provides that the Roundtable shall elect a Chairman and Vice Chairman from among its members. Rules for conducting meetings of the Roundtable including the calling of meetings shall be determined by the members of the Roundtable. The exemption from the provisions of the Federal Advisory Committee Act relating to the Advisory Commission on Intergovernmental Relations shall also apply to the Roundtable. It is expected that meetings of the Roundtable will be open to the public and announced in advance.

Section 1(d) provides that the Chairman and Vice Chairman shall sit as non-voting members of the Advisory Commission on Intergovernmental Relations for the regularly scheduled meetings of the Commission. Although not able to vote, no other restriction shall be applied to their participation in the activities of the Commission on the same basis as other members.

Section 1(e) requires that the Roundtable hold ten hearings in various geographic regions of the United States to facilitate public comment on the New Federalism initiatives. These hearings shall be announced in the Federal Register and published in other ways that assure the broadest possible scope to the views and comments solicited. It is not required that all members of the Roundtable attend all of the public hearings, but it is expected that the hearings will be conducted by members and that all members will attend at least some of the hearings.

Section 1(f) requires the Roundtable to report to the Congress, the President and the Advisory Commission on Intergovernmental Relations concerning its activities and any findings or recommendations that it may have regarding the President's New Federalism initiatives.

The Roundtable is authorized for a period of two years from the date on which all members are appointed. It is expected to submit its report thirty days prior to the date on which its authorization terminates.

Section 1(g) authorizes the expenditure of such sums as are necessary to carry out the provisions of this act. It is not intended that appropriations for the purposes of this act will be made under the standing authorization for the Advisory Commission on Intergovernmental Relations or that the resources of the Commission devoted to other purposes shall in any way be reduced as a result of the provisions of this act. It is intended that the President will not make appointments to the Rountable until such time as sufficient appropriations have been made by the Congress or resources have been secured from another source to carry out the purposes of this act. The Commission is authorized under current law to accept gifts and grants or to enter into contracts with other parties to accomplish purposes such as those described in this act.

V. Committee Vote

In compliance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, the rollcall vote taken during Committee consideration of this legislation is as follows:

Final passage: Ordered reported, 11 yeas; 1 nay.

YEAS (11)	NAYS (1)
Mathias	Levin
Cohen	
Durenberger	
Rudman	
Mattingly	
Danforth	
Sasser	
Stevens	
Schmitt	
Percy	
Roth	

VI. Regulatory Impact

Paragraph 11(b)(1) of Rule XXVI of the Standing Rules of the Senate requires each report accompanying a bill to evaluate the regulatory impact which would be experienced in carrying out the provisions of the bill.

S. 2329, as reported, authorizes the establishment of an advisory roundtable to assist the Advisory Commission on Intergovernmental Relations. This advisory roundtable would have no regulatory authority. Therefore, S. 2329 will have no regulatory impact. The Committee believes that to the extent that the work of the advisory roundtable increases the awareness of the impact of Federal regulation on State and local governments, a decrease in Federal regulations will occur.

VII. Cost Estimate

U.S. Congress,
Congressional Budget Office,
Washington, D.C., June 8, 1982.

Hon. William V. Roth, Jr.,
Chairman, Committee on Governmental Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed S. 2329, a bill to establish an Efficiency Advisory Roundtable to assist the Advisory Commission on Intergovernmental Relations in its activities concerning the New Federalism, as ordered reported by the Senate Committee on Governmental Affairs, May 28, 1982.

The bill establishes an Advisory Roundtable of the Advisory Commission on Intergovernmental Relations (ACIR) to assist and make recommendations to ACIR concerning the exchange of responsibilities for certain programs between the federal government and state and local governments. The Roundtable will be composed of not more than 20 members to be appointed by the President. The Roundtable will hold ten hearings throughout the country. It will terminate two years after the date on which all members have been appointed and will submit a final report to the Congress, the President and ACIR, on its activities within 30 days prior to its termination. The bill authorizes the appropriation of such sums as may be necessary to carry out the activities of the Roundtable.

The precise costs of the Roundtable will depend on the grade levels of its staff, the number of members, witnesses and commissioners who attend each meeting, airfare and other costs associated with holding hearings, and other miscellaneous costs. Based on the assumption that three full-time staff positions will be assigned to assit the Roundtable, CBO etimates costs of approximately $300,000 over a two-year period. This estimate is based on the current average GS grade level of ACIR employees and will be higher if higher grade level employees are hired.

Sincerely,

Alice M. Rivlin, *Director.*

VIII. Changes in Existing Law

Paragraph 12 of Rule XXVI of the Standing Rules of the Senate requires each report accompanying a bill to detail the changes made in existing law by the bill. S. 2329, as reported, makes no changes in existing law.

ADDITIONAL VIEWS OF MR. MATTINGLY

The program suggested by President Reagan in his first State of the Union Address was not entirely new to the people of the United States. What was new was the willingness of the President of our nation to admit the failure of a bloated, top-heavy Federal government and to submit a real alternative—and a possible solution—to this problem.

I totally support the President's initiative in this area. Although the President's program may only serve as a framework for a "New Federalism," President Reagan has shown that he is dedicated to changing the course of our Federal government. For too long the answer to any problem has been to create a committee to study it or to pitch money at it. That just won't do in a time when Congress is already seeing the federal budget eating up nearly a quarter of the nation's total Gross National Product.

The biggest crime about the present situation, however, is that the average American really has had no input in his government. It isn't because most Americans don't care; it is simply that Congress won't allow them input, even into the most basic services of the states and localities. As President Reagan said, "Our citizens feel they've lost control of even the most basic decisions made about the essential services of government, such as schools, welfare, roads and even garbage collection."

I support the reaffirmation of the Democratic spirit that is underlying all such "New Federalism" initiatives. President Reagan has in "one bold stroke" brought our attention back to one of the most basic discussions in American history—the size and scope of the Federal government. I join with most Americans who feel that the present system is not only wrong, but oftentimes harmful to the best interests of all Americans.

For the past 23 years, Congress and other citizens have had the help of the Advisory Commission on Intergovernmental Relations in this area. This Commission has been at the forefront of collecting information from the entire country about specific issues and problems of our multi-layered system. It has tried to improve cooperation among the many levels of government, and hoped to ensure a more effective Federal government. This bipartisan Commission found recently that the growth in Federal programs has made the Federal government "more pervasive, more intrusive, more unmanageable, more ineffective, costly and above all, more unaccountable."

The work of this Commission has been praised by many. It has proven itself to be a truly nonpartisan group, and with its work has become more than helpful—it is necessary.

While the Advisory Commission on Intergovernmental Relations has been a good and useful organization in the past, I feel that it could still be improved upon for its consideration of the "New Federalism"

initiative. The Commission's present membership makes it a group of government "generalists." The governors, state legislators, mayors, county officials and members of Congress who make up this group are all administrators in the general sense—they are primarily concerned with the total picture of government services. This composition has worked well in the past for the consideration of the kinds of issues that have come before the A.C.I.R. I feel strongly, however, that this composition will simply not do as the Commission further considers a "New Federalism."

For the A.C.I.R.'s suggestions of the "New Federalism" to be truly helpful, we need to have government "specialists." That is, we need to have the advice and input from the kinds of people who have directly administered, or been impacted by, programs that are considered for "turn back" to the states. The nation's consideration of the "New Federalism" would also profit from the participation of the school board members and other people with hands-on experience at the local level.

The regional hearings that are stipulated by this bill would also be useful for Congress and the Administration. Although the A.C.I.R. has had similar "monitoring panels," they have not had many regional hearings on any issue. I feel that it is quite important to have some regional hearings. Due to the ease of transportation these days, however, as well as the great expense associated with 10 regional hearings, I will be offering an amendment to this bill on the Senate floor to mandate only 5 regional hearings.

While I feel that this monitoring panel is greatly needed, I do not feel that Congress should spend an unreasonable amount of money in this area. For this reason, I will encourage the use of donations from private individuals and companies that are interested in seeing a good bipartisan discussion of any sort of "New Federalism." This, combined with the fewer hearings, and the reliance upon a volunteerism spirit, will ensure that we just don't try to drown our own sorrows about this problem in a sea of Federal funds.

Finally, there is one point that I must underscore. I feel that for this panel to be a success, and indeed, for any "New Federalism" to be embraced by the country, we must approach it in a truly bipartisan spirit. While my concern for this monitoring panel was generated by the President's January State of the Union Address, I do not feel that the A.C.I.R. should consider solely the Administration's ideas in this area. Others, such as Senator Durenburger and the National Association of Governors, have presented reasonable alternatives. All of these should be discussed and considered. In fact, this should be the underlying goal of this panel—to approach the "New Federalism" initiatives in a bipartisan spirit, and to work for a solution which will ensure that our government will free itself from a state where the will of the few determine the government of the many to one where the government of many is administered by a few.

MACK MATTINGLY.

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